

## HEALTH CARE AND THE PRESIDENT'S BUDGET: FISCALLY RECKLESS, MORALLY IRRESPONSIBLE, AND A FAILURE OF LEADERSHIP

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Democrats believe that on every issue our nation faces, it is our responsibility to ensure that the policies we pursue are consistent with the values we cherish. The Bush Administration's 2006 budget fails in every respect. It is fiscally reckless, adding trillions to the deficit over the next 10 years. It is morally irresponsible, slashing funding for key homeland security, veterans benefits, health care, and education programs. And the Bush Administration's failure to include details of its Social Security privatization proposal and the cost of the war in Iraq is a clear failure of leadership. Democrats are fighting to restore fiscal responsibility and hold those in power responsible for their actions. We are committed to upholding the key values that are the foundation of a strong and secure middle class: national security, prosperity, community, fairness, accountability and opportunity.

**Slashes Medicaid by \$60 billion.** The Bush budget proposes slashing Medicaid by a total of \$60 billion over the next 10 years, undermining a program upon which nearly 50 million children, elderly, and people with disabilities rely. States are already struggling with their ever increasing responsibility for long-term care and gaps in Medicare, as well as increasing enrollment due to the increasing number of uninsured. The end result of the proposed cuts will be a shift in costs to states and beneficiaries, payment cuts for providers, which will undermine their ability to provide care, and an increase in the number of the uninsured. Any savings achieved through Medicaid should be directly reinvested in the program to strengthen it. But of the \$60 billion in Medicaid savings, the Bush budget only reinvests \$16 billion in Medicaid and children's health programs.

**Opens the door to transforming Medicaid from an entitlement to a block grant.** Under the guise of "flexibility," the Administration wants states to provide coverage to more people with no additional federal spending – in other words, a spending cap. There are limited details provided on this new policy, but the flexibility to cut Medicaid benefits could encompass many services which are labeled "optional" (such as prescription drugs) but to the people who need them are real and could encompass many so-called "optional" beneficiaries, who include many low-income elderly in nursing homes.

**\$74 billion tax credit covers less than 5 percent of the uninsured.** Health insurance premiums rose by 11 percent last year, making it harder than ever for middle class families to afford health insurance coverage, and a record 45 million Americans are now uninsured. The Bush budget provides \$74 billion for an inefficient tax credit that covers less than 2 million people. The President's proposals are designed to cap federal, state and employer contributions to health care, thereby shifting the cost and risk to families. Consumers will face increasing co-payments, deductibles and premiums, or see reductions in their benefits.

**Slashes rural health activities.** The Bush budget slashes rural health activities by \$114 million below this year's enacted level – or by 64 percent. This cut includes eliminating the \$39 million rural health flexibility grant program and drastically cutting back rural health outreach grants, used to expand clinical services in rural areas.

**Slashes health professions training.** The Bush budget slashes health professions training (including nurse training) from \$447 million this year to \$160 million in fiscal 2006, a cut of 64 percent.

**Eliminates the Preventive Health Block Grant.** The Bush budget completely eliminates the \$131 million Preventive Health Block Grant, which provides states with grants for a wide range of important preventive health activities.

**Slashes training doctors in children's hospitals.** The Bush budget slashes grants to train doctors at children's hospitals by \$100 million – or by 34 percent – below the FY 2005 enacted level of \$301 million.

**Underfunds child health.** The Bush budget cuts Healthy Start, which is focused on reducing infant mortality in high-risk communities, by \$5 million and freezes the Maternal and Child Health Block Grant at this year's level. The budget also freezes funding for the CDC program for the prevention of birth defects and developmental disabilities. In addition, it eliminates the universal newborn hearing screening program.

**Essentially freezes funding for NIH.** The Bush budget essentially freezes funding for NIH in FY 2006 – providing an increase of only 0.5 percent. According to patient and research advocates, NIH must receive budget increases of 8 to 10 percent to capitalize on the progress being made in biomedical research. The Bush budget will not even allow NIH to continue existing grants. As the Association of American Medical Colleges (AAMC) stated, “The AAMC is deeply disappointed ...with the insufficient federal support for medical research. The President's recommended increase of 0.5 percent for the National Institutes of Health is well below the rate of inflation and is woefully inadequate to sustain the promising pace of medical research.”

**Eliminates Healthy Community Access Program.** The Bush budget completely eliminates the \$83 million Healthy Community Access Program for the uninsured. This program coordinates health care services for the uninsured offered by community providers such as public hospitals, community health centers, and disproportionate share hospitals, helping to reduce the costs of providing care to the uninsured.

**Cuts State and Local Bioterrorism Grants.** The President's budget cuts the Centers of Disease Control's state and local capacity bioterrorism grants, which fund needed improvements in public health and medical infrastructure statewide, by \$130 million or 14 percent.

**Cuts Office of Minority Health.** The President's budget cuts funding for the Office of Minority Health by \$3 million or 6 percent from this year's enacted level. This office supports disease prevention, health promotion, service demonstration, and educational efforts that focus on health concerns that cause the high rate of disease in racial and ethnic minority communities.

**Cuts CDC Public Health.** The Centers for Disease Control (CDC) has many important public health programs – including infectious disease control, chronic disease prevention, and health promotion. The Bush budget cuts the overall CDC budget by \$555 million, or 12 percent below this year's level.

**Underfunds domestic HIV/AIDS programs.** The Bush budget provides an inadequate increase of only 1 percent, or \$10 million, for the AIDS Drug Assistance Program - millions below the amount needed to ensure that all eligible people with HIV have access to this important program. In addition, the budget freezes all other components of the Ryan White CARE Act (which assists with health care and other supportive services), and for CDC HIV/AIDS prevention programs for the third year in a row.

